

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

An Act To Protect Parties to Real Estate Transactions

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 36 MRSA §558-A is enacted to read:

§ 558-A. Liability for failure to pay prorated property taxes

1. Civil action authorized. If after a real estate closing in which the parties have prorated property taxes pursuant to section 558, any party knowingly fails to pay that party's share of the taxes, which results in a lien being filed, any other party to the transaction who pays the taxes that are owed by the delinquent party may recover in a civil action from the delinquent party the amount of unpaid taxes, costs incurred in releasing the lien and reasonable attorney's fees.

2. Effect on credit rating. If a party prevails in an action filed under subsection 1 and a record of a lien in that party's name has been placed in that party's file with a consumer reporting agency, that lien must be considered inaccurate information under Title 10, section 1317 if the party requesting relief submits a copy of the court judgment and proof of payment of the lien to the consumer reporting agency.

Sec. 2. Guidance document. The Department of Administrative and Financial Services, Bureau of Revenue Services shall prepare a guidance document for sellers and buyers of real estate to provide information about problems that can arise as the result of the allocation of responsibility for the payment of property taxes among the parties when property is transferred. The guidance document must take substantially the following form.

IMPORTANT NOTICE ABOUT PROPERTY TAXES FOR BUYERS AND SELLERS

1. UNDER MAINE LAW PAYMENT OF PROPERTY TAXES IS THE RESPONSIBILITY OF THE PERSON WHO OWNS THE PROPERTY ON APRIL 1ST.

2. THE BUYER AND SELLER MAY AGREE TO DIVIDE THE TAXES BETWEEN THEM, BUT IF ANY PART OF THE TAXES IS NOT PAID, A LIEN WILL BE FILED IN THE NAME OF THE PERSON WHO OWNED THE PROPERTY ON APRIL 1ST.

PLEASE BE AWARE

IF YOU ARE THE SELLER -- EVEN IF YOU NO LONGER OWN THE PROPERTY,
A LIEN MAY HAVE A NEGATIVE EFFECT ON YOUR CREDIT RATING.

IF YOU ARE THE BUYER -- IF A LIEN IS FILED IN THE
SELLER'S NAME, THE MUNICIPALITY MAY FORECLOSE
ON YOUR PROPERTY UNLESS THE TAXES ARE PAID.

3. MUNICIPALITIES HAVE DIFFERENT FISCAL YEARS AND TAX DUE DATES.

4. MAKE SURE YOU UNDERSTAND THE BUYER’S AND SELLER’S OBLIGATIONS WITH REGARD TO PROPERTY TAXES AND WHAT MAY HAPPEN IF TAXES ARE NOT PAID AS AGREED.

5. IF YOU FEEL A LIEN HAS BEEN FILED INCORRECTLY IN YOUR NAME, PLEASE CONTACT THE BUREAU OF CONSUMER PROTECTION TO DETERMINE WHAT REMEDIES ARE AVAILABLE TO YOU TO REPAIR YOUR CREDIT RATING.

THESE POTENTIAL PROBLEMS CAN BE AVOIDED BY PROVIDING THAT FUNDS ARE SET ASIDE IN ESCROW AT THE TIME OF CLOSING TO ENSURE THAT PROPERTY TAXES WILL BE PAID.

Seller:.....
 Date:.....

Buyer:.....
 Date:.....

Sec. 3. Distribution. The Department of Administrative and Financial Services, Bureau of Revenue Services shall provide a copy of the guidance document prepared pursuant to section 2 to each municipal office and to real estate agents, real estate lenders, settlement agents, the Maine State Housing Authority and any other person the bureau determines is likely to be involved in a professional capacity in the transfer of property subject to property tax in this State and request that those persons make a copy of the guidance document available to buyers and sellers at any point in the process of the transfer of property when the allocation of property taxes is discussed and with any notices relating to property tax liens.

Sec. 4. Appropriations and allocations. The following appropriations and allocations are made.

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

Revenue Services - Bureau of 0002

Initiative: Provides one-time funds for the printing and mailing costs associated with the required guidance notice to buyers and sellers of real estate.

GENERAL FUND	2007-08	2008-09
All Other	\$0	\$1,250
GENERAL FUND TOTAL	\$0	\$1,250

Effective July 18, 2008